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C I B C R

SERVICE SECTOR INDICATORS

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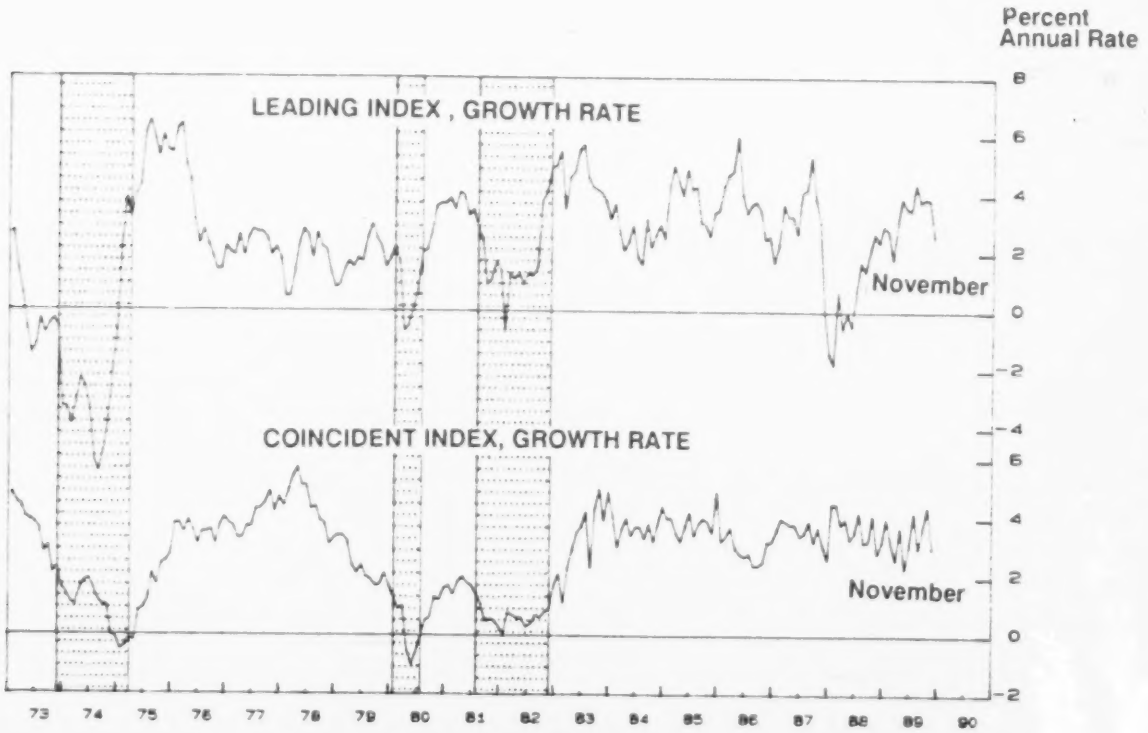
SERVICE SECTOR INDEXES FALL

The leading index of service sector activity, compiled by the Columbia Business School's Center for International Business Cycle Research, fell in November, pulling its smoothed annualized growth rate down from a revised 3.9% in October to 2.6% in November. This was due to drops in three of its four components, namely, construction contracts for commercial buildings, as well as the average workweek and stock prices in the service sector. A rise in profit margins in the service sector partly offset this downward pressure.

The coincident index of service sector activity also fell, while its smoothed annualized growth rate dropped from a revised 4.4% in October to 3.0% in November. The decline was caused by drops in employee hours and labor income in services, offset by a small rise in personal consumption expenditures in the service sector.

While these indicators highlight some areas of weakness in the service sector, they do not add up, as yet, to any imminent slowdown in service activity.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index* (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1988:						
Jan.	147.2	-1.8	32.84	746	82.3	111.7
Feb.	149.3	0.7	32.98	912	86.0	113.5
Mar.	148.4	-0.6	32.69	825	87.5	113.4
Apr.	149.0	0.0	32.93	822	85.3	112.6
May	148.6	-0.5	32.78	817	83.0	112.8
June	149.7	0.7	32.82	807	89.2	113.5
July	150.5	1.7	33.00	838	88.7	113.1
Aug.	150.3	1.4	32.76	864	87.9	114.2
Sept.	150.8	2.1	32.88	805	91.0	113.4
Oct.	151.3	2.7	32.96	768	94.3	112.5
Nov.	151.2	2.4	32.77	791	91.7	114.3
Dec.	151.9	3.0	32.91	801	92.9	113.8
1989:						
Jan.	152.1	2.8	32.95	871	95.2	111.6
Feb.	151.7	1.8	32.75	667	98.7	113.0
Mar.	153.0	3.1	32.81	781	98.5	114.6
Apr.	154.0	3.9	33.07	773	102.5	113.1
May	154.2	3.6	32.75	802	108.0	114.8
June	154.6	3.5	32.76	854	111.6	113.6
July	155.7	4.4	33.03	797	116.5	112.7
Aug.	155.7	3.8	32.72	742	121.9	114.8r
Sept.	156.2r	3.9r	32.81r	819	122.1	113.5r
Oct.	156.7r	3.9r	32.96r	795	122.6	112.9r
Nov.	156.1	2.6	32.76	661	120.1	114.4

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1988:						
Jan.	181.0	4.5	1844.4	1263.5	667.3	106.6
Feb.	181.6	4.5	1854.1	1264.7	666.2	107.6
Mar.	181.5	3.8	1856.9	1269.5	664.6	107.0
Apr.	182.2	4.0	1859.7	1269.1	668.5	108.1
May	182.1	3.3	1862.5	1270.8	667.0	107.8
June	182.8	3.5	1868.6	1278.6	667.0	108.5
July	184.0	4.2	1874.7	1283.9	672.2	109.7
Aug.	183.7	3.2	1880.8	1291.4	667.4	108.9
Sept.	184.2	3.2	1886.1	1285.6	674.2	109.2
Oct.	185.6	4.1	1891.4	1297.5	680.3	110.3
Nov.	184.9	2.8	1896.7	1292.6	672.6	110.0
Dec.	185.8	3.2	1899.5	1295.5	678.5	110.8
1989:						
Jan.	187.2	4.0	1902.3	1297.1	693.2	111.5
Feb.	187.0	3.2	1905.1	1311.7	683.7	111.2
Mar.	186.8	2.6	1910.0	1311.2	679.9	111.2
Apr.	188.4	3.7	1915.0	1315.7	690.5	112.5
May	187.5	2.3	1919.9	1318.4	681.4	111.5
June	188.8	3.1	1928.3r	1322.9	691.8	112.2
July	190.4r	4.2r	1936.6r	1327.4	702.4	113.2
Aug.	189.7r	3.0r	1945.0r	1334.2	692.2	112.2
Sept.	190.9r	3.7r	---	1338.4	700.4r	112.8
Oct.	192.2r	4.4r	---	1343.6r	706.5r	113.6r
Nov.	191.3	3.0	---	1347.7	697.0	113.4

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.

r = revised.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.

4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adusted by CIBCR.

5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.

6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.

9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.

11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.

12. Bureau of Labor Statistics, all employees.

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